



5. On May 4, 2018, Respondent William Phillips registered *Change Connecticut* as an independent expenditure only political committee.<sup>2</sup> The committee's filing indicated that it was an ongoing committee that could make expenditures on behalf of both state and municipal elections. The committee's registration statement also represented that it was controlled by a registered client lobbyist, Phillips, and that it was authorized to make expenditures to benefit candidates for statewide office as well as candidates for the General Assembly.<sup>3</sup>
6. According to Respondent, *Change Connecticut* obtained its federal tax ID number from the IRS on April 27, 2018 and opened a bank account in May 2018.
7. Respondent first began discussing a potential project related to the 2018 election cycle in the first quarter of 2018. Respondent contacted Percipient Strategies, LLC, on May 8, 2018 to order dossiers related to 11 candidates, specifically: James Maroney; Norman Needleman; Christine Conley; Patrick Boyd; Larry Groh; Michael Winkler; Michelle Cook; Catherine Abercrombie; Adrian Bonenberger; Liz Linehan; and Kara Rochelle.
8. The candidates upon whom *Change Connecticut* ordered the research dossiers had all established candidate committees by May 8, 2018.<sup>4</sup> Each of the candidates established candidate committees on the following dates: Maroney – March 12, 2018; Needleman – Feb. 8, 2018; Bonenberger – Feb. 1, 2018; Abercrombie – Jan. 31, 2018; Conley – Nov. 28, 2017; Rochelle – Feb. 13, 2018; Groh – Jan. 25, 2018; Linehan – March 29, 2018; Winkler – Jan. 23, 2018; Cook – Feb. 9, 2018; and Boyd – Dec. 29, 2017.
9. At the time that *Change Connecticut* placed the order for the research dossiers, none of the 11 candidates it targeted had been formally endorsed to run for office by the relevant party body that was charged with that duty. Six of those candidates (Abercrombie, Boyd, Conley, Groh, Linehan, and Rochelle) were endorsed through processes held on May 16. Maroney, and Needleman were endorsed through processes on May 21. Winkler was endorsed on May 22, and Cook was endorsed on May 23.
10. Respondent contacted Percipient Strategies, LLC, on May 31, 2018 to order dossiers related to certain candidates, specifically: Steve Cassano, Joe Aresimowicz, Phil Young, James Albis, Ellen Beatty, Steve Mikutel, and Kim Rose. Respondent contacted Percipient Strategies, LLC on July 10, 2018 to order dossiers related to Matthew

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<sup>2</sup> See SEEC Form 8: Independent Expenditure Only Political Committees - *Change Connecticut*, (May 4, 2018) (reflecting establishment of political committee and naming William Phillips as both chairperson and treasurer).

<sup>3</sup> *Id.*

<sup>4</sup> Due to changes made in Public Act 13-180, Section 3, the ordering of research dossiers opposing individuals who are not yet candidates is no longer a reportable event. If the targeted individual became a candidate, the expense for the research dossier would become reportable..

Blumenthal, Christine Cohen, Robin Comey, Jason Doucette, Theresa Govert, Geoff Luxenberg, and Kate Rotella and on July 13, 2018 to order a dossier related to Matthew Lesser.

11. Each of the candidates named in the May 31 orders established candidate committees on the following dates: Cassano – Dec. 5, 2017; Aresimowicz – Nov. 29, 2017; Young – May 18, 2018; Albis – Nov. 28, 2017; Beatty – Jan. 30, 2018; Mikutel – March 21, 2018; and Rose – Dec. 7, 2017.
12. Aresimowicz, Beatty and Mikutel were endorsed through party processes held on May 16. Cassano was endorsed on May 21; Albis on May 23 and Young and Rose on May 24.
13. Each of the candidates named in the July 10 orders established candidate committees on the following dates: Blumenthal – March 29, 2018; Cohen – March 15, 2018; Comey – May 7, 2018; Doucette – Feb. 2, 2018; Govert – Feb. 15, 2018; Luxenberg – Feb. 2, 2018; and Rotella – Feb. 23, 2018.
14. Blumenthal, Doucette, Govert, and Rotella were endorsed through party processes held on May 16. Cohen was endorsed on May 21; and Comey and Luxenberg on May 29.
15. Lesser established his candidate committee and was endorsed on May 21, 2018.
16. According to invoices provided by Respondent, *Change Connecticut* was billed on June 29, 2018 for 14 research dossiers from Percipient Strategies, LLC, in Washington, D.C. The research dossiers, which cost a total of \$77,000, provided information on Steve Cassano – SD-04; Maroney – SD-14; Needleman – SD-33; Bonenberger – HD-102; Abercrombie – HD-83; Conley – HD-40; Rochelle – HD-104; Groh – HD-51; Linehan – HD-103; Winkler – HD-56; Cook – HD-65; Boyd – HD-50; Joe Aresimowicz – HD-30; and Phil Young – HD-120.
17. On July 16, 2018, *Change Connecticut* was billed by Percipient Strategies LLC for four research dossiers. The research dossiers provided information on Ellen Beatty – HD 119; Kim Rose – HD 118; Steve Mikutel – HD 45; and James Albis – HD 99.
18. On August 3, 2018, *Change Connecticut* was billed by Percipient Strategies LLC for six research dossiers. The research dossiers provided information on Geoff Luxenberg – HD 12; Jason Doucette – HD 13; Robin Comey – HD 102; Matthew Blumenthal – HD 147; Theresa Govert – HD 34; and Christine Cohen - SD 12.

19. On September 6, 2018, *Change Connecticut* was billed by Percipient Strategies LLC for two research dossiers. The research dossiers provided information on Kate Rotella – HD 43 and Matthew Lesser – SD 9.
20. Phillips filed the committee’s “Initial Contribution or Disbursement Report” on May 18, 2018. That report, which covered the dates from April 28, 2018 through May 17, 2018, reflected that on May 16, 2018, Phillips had contributed \$500 to the committee, representing the initial contribution to the political committee. The committee identified no other contributions or expenditures during that reporting period.
21. Instead, on June 30, 2018, the committee filed its first 24-hour independent expenditure report, in which it reported a total of \$140,544 in expenses incurred but not paid during the reported time period, contained in Section I of the Form 40, to a total of six different entities, all reported as incurred on June 29, 2018.<sup>5</sup> Among the outstanding obligations reported by *Change Connecticut* was one of \$77,669 to Percipient Strategies LLC of Washington D.C. for research dossiers.<sup>6</sup> None of the expenditures listed in Section I in this June 30, 2018 report referenced the name of a candidate that was supported or opposed by the expenditures. *Change Connecticut* also reported the receipt of a \$300,000 contribution from the Washington, D.C.-based Republican State Leadership Committee.<sup>7</sup>
22. *Change Connecticut* first listed candidates supported or opposed by its independent expenditures on its report filed September 25, 2018. At that time, it listed Steve Cassano, Matt Lesser, James Maroney and Norm Needleman as candidates that the group was opposing through polling expenditures that the group reported as incurred but not yet paid.<sup>8</sup> According to subsequent filings, *Change Connecticut* also opposed candidates Christine Cohen, Joe Aresimowicz, Patrick Boyd, Michelle Cook, Catherine Abercrombie, James Albis, Liz Linehan, and Kim Rose.
23. Connecticut’s General Statutes require independent-expenditure-only committees to report expenditures made during a primary or general election cycle within 24 hours of

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<sup>5</sup> See Itemized Campaign Finance Disclosure Statement for Independent Expenditure Political Committees, SEEC Form 40 – *Change Connecticut* (June 30, 2018) (reporting contribution of \$300,000 from Republican State Leadership Committee).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> See Itemized Campaign Finance Disclosure Statement for Independent Expenditure Political Committees, SEEC Form 40 – *Change Connecticut* (September 25, 2018) (reporting expenditures for polling opposing candidates Steve Cassano, Matt Lesser, James Maroney, and Norm Needleman).

the time that those expenditure are made or obligated to be made.<sup>9</sup> This period begins at the time of the convention during which candidates are endorsed. In addition, once those expenditures are made or obligated to be made, the spender must name any candidate who was the subject of any independent expenditure.<sup>10</sup>

24. For expenditures made prior to the primary or general election cycle,<sup>11</sup> an independent spender must report those expenditures according to the same schedule as a candidate committee.<sup>12</sup>

[A]ny such person who makes or obligates to make an independent expenditure or expenditures in excess of one thousand dollars, in the aggregate, shall file statements according to the same schedule and in the same manner as is required of a treasurer of a candidate committee pursuant to section 9-608.<sup>13</sup>

25. The State Elections Enforcement Commission issued a declaratory ruling on the nature of “make or obligate to make” as it referred to spending independent expenditure only groups and when they must report activity. The Commission concluded that actions that are directly related to the making of an independent expenditure and that are related to an identifiable candidate would trigger the reporting requirement. “Obligate” means in the campaign finance context:

taking those actions after which a person has incurred a duty to pay for goods or services for an independent expenditure. . . . [A] person has obligated to make an independent expenditure when the facts evidence that the person has taken affirmative action and promised to make a payment of funds for an independent expenditure.<sup>14</sup>

26. Here, the Commission has concluded that *Change Connecticut* failed to report the obligation that it had incurred to make expenditures in the form of opposition research that exceeded \$1,000 in the aggregate. As of May 8, 2018, when it ordered the research

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<sup>9</sup> See General Statutes § 9-601d(b) (requiring persons who obligate to make independent expenditures of more than \$1,000 during the primary or general election cycle for state senator or state representative to report expenditure within 24-hours).

<sup>10</sup> *Id.*

<sup>11</sup> General Statutes § 9-700 defines the “primary campaign” as the period beginning the day after a nominating convention or caucus, convention or town committee meeting held for the purpose of endorsing a candidate for election.

<sup>12</sup> See General Statutes § 9-601d(a) (laying out requirements for expenditures made prior to primary or general election cycle).

<sup>13</sup> *Id.*

<sup>14</sup> Declaratory Ruling 2014-01: Construction of the Phrase “Make or Obligate to Make” as Applied to Disclosure of Independent Expenditures (Conn. State Elections Enforcement Comm’n, March 19, 2014) at 3.

dossiers on 11 candidates, *Change Connecticut* had a legal requirement to report at some date that it had obligated to make that expenditure and to identify which candidates it was opposing or supporting through that expenditure since it had identified candidates it was targeting through an ongoing process and had specified the candidates about which it wanted research dossiers. The timing of that reporting is determined according to General Statutes §§ 9-601d and 9-608. Here the May 8 incurred expenditure for research dossiers should have been included in the committee's May 18 initial contribution or disbursement report.

27. Placing orders for the other dossiers on May 31 and July 10 and July 16 – after the primary election cycle had started - would have triggered 24-hour reporting deadlines, meaning those obligations should have been reported as opposing the targeted candidates on June 1, July 11 and July 17, respectively.
28. Instead, *Changed Connecticut* did not formally and publicly identify the candidates it was opposing until the report that it filed on September 25, 2018, which the Commission has concluded does not satisfy the disclosure requirements outlined in General Statutes § 9-601d.
29. By failing to report expenditures for research dossiers in a timely manner after obligating to make such expenditures and failing to identify the candidate that those expenditures benefitted or opposed, the Commission has concluded that *Change Connecticut* violated General Statutes § 9-601d.
30. Respondent admits all jurisdictional facts described in Paragraphs 1-23, acknowledges the legal conclusions reached by the Commission described in Paragraphs 24-30, and agrees that this Agreement and Order shall have the same force and effect as a final decision and Order entered into after a full hearing and shall become final when adopted by the Commission.
31. The parties agree that Respondent waives:
  - a) Any further procedural steps;
  - b) The requirement that the Commission's decision contain a statement of findings of fact and conclusions of law, separately stated; and
  - c) All rights to seek judicial review or otherwise to challenge or contest the validity of the Order entered into pursuant to this Agreement.
32. It is understood and agreed that this Agreement will be submitted to the Commission for consideration at its next meeting and, if the Commission does not accept it, it is withdrawn and may not be used as an admission by the Respondent in any subsequent hearing, if the same becomes necessary.

33. Upon the Respondent's compliance with the Order hereinafter stated, the Commission shall not initiate any further proceedings pertaining to this matter.

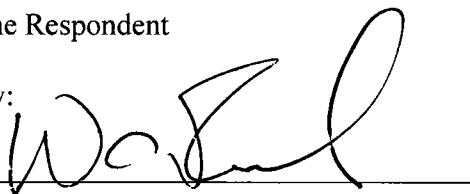
**ORDER**

IT IS HEREBY ORDERED THAT the Respondent William Phillips shall agree to refrain from serving as a treasurer of any committee registered under the campaign finance statutes of the State of Connecticut for a period of three years from the date of the execution of this agreement. It is further ordered that *Change Connecticut* shall amend its campaign finance disclosure statements as requested by the Commission. *Change Connecticut* shall also forfeit to the Connecticut state treasurer a total of thirty-three thousand dollars (\$33,000) and shall cease operations and close the political committee and its associated bank account within sixty (60) days of the execution of this agreement.

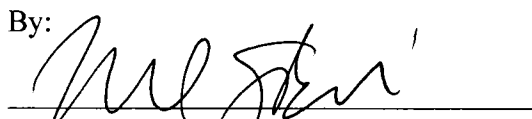
The Respondent

For the State of Connecticut

By:



By:



William Phillips  
42 Park Circle  
Milford, CT 06460

Michael J. Brandi, Esq.  
Executive Director and General Counsel and  
Authorized Representative of the  
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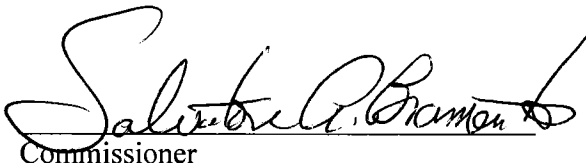
Dated: \_\_\_\_\_

12-12-19

Dated: \_\_\_\_\_

12/18/19

Adopted this 18<sup>th</sup> day of Dec., 2019 at Hartford, Connecticut by vote of the Commission.



Commissioner

By Order of the Commission

SALVATORE A. BRAMANTE  
Vice-Chair